



UNITED STATES ATTORNEY'S OFFICE EASTERN DISTRICT OF VIRGINIA

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RICHMOND MAN PLEADS GUILTY TO CONSPIRACY TO DEFRAUD THE UNITED STATES

(Richmond, VA) - Cecil Lucas, age 71, of Richmond, pled guilty yesterday to conspiracy to defraud the United States. Lucas faces up to 5 years of imprisonment and a fine of up to \$250,000.00, when sentenced by United States District Judge James R. Spencer on December 11, 2006. The plea was announced by Chuck Rosenberg, United States Attorney for the Eastern District of Virginia; and Charles Pine, Special Agent-in-Charge, Internal Revenue Service (IRS), Criminal Investigation Division.

According to court documents, between 1994 and April 2003, Lucas owned and operated a series of business entities engaged in the development and marketing of proprietary software. During this time, he evaded the payment of employment taxes as well as the payment of a trust fund penalty assessed against him personally for a total tax loss in excess of \$3.6 million.

As part of the conspiracy to defraud the United States, Lucas engaged in a continuous pattern of conduct to prevent the IRS from ascertaining whether he had income and assets to pay the assessed taxes. Lucas operated his software business under the name MLPS Software Systems, Inc., from 1993 through 1996. Beginning in 1997, Lucas operated his software company as Software Unlimited and then reincorporated as Software Connections from February 1998 until October 2000. Despite frequent name changes, the business, including its product, clients and employees, stayed virtually the same.

Lucas also withheld employment taxes from employees of the businesses and failed to pay over the withheld amounts to the IRS. Lucas used these funds owed to the IRS to keep the business afloat and to fund a lavish lifestyle, including taking substantial sums from the business accounts for deposit in personal banking and investment accounts and for the payment of personal expenses and the acquisition of personal and real property.

The Internal Revenue Service made assessments against MLPS Software Systems, Inc., and Software Connections in the amount of \$2,805,585. The IRS also made an assessment against Lucas, personally, for a Trust Fund penalty relative to the MLPS employment taxes, in the amount of \$799,408.25.

This case was investigated by the Internal Revenue Service-Criminal Investigation Division. The case is being prosecuted by Assistant United States Attorney Elizabeth C. Wu.

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